

MEMO

To:	Joint Finance Committee
From:	Lexie McFassel
Subject:	FY 06 Division of Developmental Disabilities Services Budget
Date:	March 3, 2005

Please consider this memo a summary of the oral presentation of Lexie McFassel on behalf of the Developmental Disabilities Council, the State Council for Persons with Disabilities, and the Disabilities Law Program. We are addressing three (3) components of the DDDS budget 1) the community-based residential program; 2) the family support Medicaid waiver; and 3) the “ICAP” provider rate system.

I. COMMUNITY-BASED RESIDENTIAL PROGRAM

As you know, Delaware has historically lagged behind the Nation in providing non-institutional services to residents with mental retardation. However, Delaware is improving. For example, the American Association on Mental Retardation [“AAMR”] rates states based on fiscal support for institutions versus community programs. Delaware’s ranking improved between the 2002 and 2004 reports, demonstrating a shift in resources to a community-based system:¹

	2002 Report	2004 Report	Rank Improvement
Fiscal Support for Institutions	5	16	11 states
Fiscal Support for Community Programs	40	31	9 states

Similarly, the University of Minnesota compiles data on institutionalization rates of persons with mental retardation on an annual basis. Over the past four (4) years, Delaware’s ranking has improved from 47th to 33rd among the states (and D.C.):²

	6/01 Report	6/02 Report	6/03 Report	6/04 Report
Rank	47	46	38	33

¹D. Braddock, Ph.D. et al, AAMR, Disability at the Dawn of the 21st Century and The State of the States, Table 2.16 (2002) and D. Braddock, Ph.D., et al, AAMR, The State of the States in Developmental Disabilities, Table 17 (2004). [Attachment “A”] The tables measure fiscal effort, defined as “a state’s spending for MR/DD services per \$1,000 of total state personal income.

²R. Prouty, University of Minnesota, Residential Services for Persons with Developmental Disabilities”: Status and Trends Through 2003, Table 1.5 (June, 2004). [Attachment “B”] The table measures the number of residents with MR/DD in large (16+ beds) institutional settings per 100,000 of the general population. Tables from 2003, 2002 and 2001 reports could be provided on request.

Institutionalization Rate Per 100,000 of Population	32.3	26.9	22.5	20.3
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Quantitatively, much of this improvement is attributable to implementation of the Division's strategic plan which contemplates significant progress in diverting clients to a community-based support system. The plan envisions offering 60-80 individuals from Stockley and the community waiting list (a/k/a "Registry") to an appropriate community-based residential setting annually.³ In conformity with the plan, the Stockley census has been reduced to approximately 125 residents.

Qualitatively, the Division has also confirmed that clients diverted to the community are "better off". A DDDS-commissioned longitudinal study tracking clients leaving Stockley since August, 2000 reflects quite positive outcomes in decision-making, health status, and overall quality of life.⁴

Recommendation

We understand that the Governor's proposed (FY 06) budget incorporates funding for an aggregate of 73 new community residential placements covering Stockley residents, "at-risk" individuals from the "Registry", and special school graduates. We wholeheartedly this level of funding which facilitates continued diversion of Division clients to community options. With proper planning, the fiscal impact of implementation need not be burdensome. For example, the Stockley Center per diem rate is now \$508.85, approximately \$186,000. annually. Group homes, apartments, and foster homes are far less expensive alternatives, especially if subsidized by the Division's existing HCBS Medicaid waiver.

II. FAMILY SUPPORT WAIVER

Delaware has historically underutilized Medicaid HCBS waivers to support persons with developmental disabilities. According to a study released in 2003, only 6 states (and D.C.) had fewer participants in such waivers as a percentage of population.⁵ Moreover, Delaware ranked 50th among the states (and D.C.) in the net increase in waiver participants between 1990 and 2003.⁶ Likewise, the 2004 AAMR report concludes that Delaware ranks almost last (50th among the states and D.C.) in "tapping" Medicaid matching funds for developmental disabilities programs.⁷

³Division of Developmental Disabilities Services, Shaping the Future: Strategic Plan (FY 2002-2007) (Rev. 1/04) at 18. [Attachment "C"]

⁴J. Conroy, Ph.D., "Initial Outcomes of Community Placement for the People Who Moved from Stockley Center" (June, 2003). The report is reproduced on the DDDS website at www.state.de.us/dhss/repstats.html.

⁵C. Lakin, University of Minnesota, "Medicaid Home & Community Based Services After 20 Years: Fueling a Revolution in Community Service Access and Utilization" (2003). The relevant table from this 14-page report is appended as Attachment "D". The full report could be provided upon request. See also R. Prouty, University of Minnesota, Residential Services for Persons with Developmental Disabilities": Status and Trends Through 2003, Table 3.7 (June, 2004), also included within Attachment "D".

⁶R. Prouty, University of Minnesota, Residential Services for Persons with Developmental Disabilities": Status and Trends Through 2003, Table 3.5b (June, 2004), appended as Attachment "E".

⁷D. Braddock, Ph.D., et al, AAMR, The State of the States in Developmental Disabilities, pp. 13-14 (2004) [Attachment "F"]

Last year, the Division submitted a draft family support Medicaid waiver application to CMS. The waiver would primarily serve DDDS clients living with natural families. The proposed waiver would cover case management, attendant services, respite, day habilitation, and training. The financial advantage to the Division is the leveraging of Federal funds for services currently covered with State dollars.⁸ The benefit to DDDS clients is potential expansion of available services given the effect of the Federal subsidy.

Recommendation

We are very supportive of this initiative. In FY 06, the Division anticipates establishing the policy and provider infrastructure to permit actual waiver implementation in FY 07. However, we are concerned that a significant percentage of Division clients may not qualify for the waiver based on financial eligibility standards. A preliminary assessment of non-residential Division clients suggests that approximately 40% are not currently enrolled in the Delaware Medicaid program, a prerequisite to eligibility under the proposed waiver. See Attachment “H”. We recommend that the JFC encourage the Division to consider adoption of alternative financial eligibility standards to allow enrollment of a higher percentage of clients. DDDS can ultimately limit the overall cost of the waiver by capping the number of approved slots. However, it may unnecessarily constrain its discretion by limiting eligibility to current Medicaid recipients.

III. “ICAP” PROVIDER RATE INITIATIVE

Based on historical inequities in compensation among providers, the Division developed a more sophisticated compensation system based on the discrete service needs of individual consumers. In contrast to a one-size-fits-all approach, an individual needs assessment is conducted for each consumer to evaluate actual service requirements. After successfully using the “ICAP” as a pilot with several providers, the Division planned full implementation in FY 06. The Department requested \$1.2 million in its Fall budget to permit use of the ICAP for all covered providers enrolled in the pilot. See Attachment “I”. Unfortunately, the Governor’s budget allocates approximately half this amount.

Recommendation

The ICAP-rate system is a highly superior approach to provider compensation and merits full implementation to reduce current disparities among providers. We recommend restoration of the entire \$1.2 million requested by the Department.

Thank you for your consideration of our comments.

Attachments

F:pub/bjh/legis/ddjfc06

⁸Governor’s Advisory Council to DDDS, Meeting Minutes Excerpt (September 21, 2004)[Attachment “G”].

